

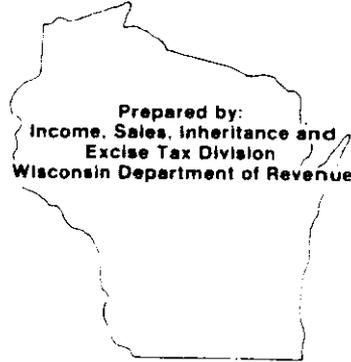
# WISCONSIN TAX BULLETIN

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Prepared by:  
Income, Sales, Inheritance and  
Excise Tax Division  
Wisconsin Department of Revenue

## NEW TAX LAWS

The Wisconsin Legislature has enacted changes to the Wisconsin tax laws. Attached to this issue of the Wisconsin Tax Bulletin is a supplement containing brief descriptions of the new income, corporation, inheritance, excise and sales and use tax provisions.

## QUESTIONS CONCERNING REFUNDS

Persons who wish to inquire about their income tax or Homestead Credit refund should wait at least 10 weeks after the filing of their 1983 return. Questions about refunds for Schedule H, Form 1 and Form 1A may be directed to: Wisconsin Department of Revenue, P.O. Box 8903, Madison, Wisconsin 53708, (608) 266-8100.

## REMINDER — DEPENDENTS WITH \$1,000 OR MORE OF UNEARNED INCOME

Beginning with the filing of 1983 Wisconsin income tax returns, persons who are claimed as a dependent by another person and have unearned income (e.g., interest or dividends) of \$1,000 or more are required to file a Wisconsin income tax return.

Prior to 1983, Wisconsin had no special filing requirement for dependents with unearned income. The dependent was subject to the same filing requirements as other persons. For example, if the dependent was single and under age 65 he or she was required to file a 1982 return if his or her gross income was \$3,200 or more.

If a dependent with unearned income elects to use the standard de-

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duction on the Wisconsin return, the amount of deduction is limited to the lesser of the total earned income or the standard deduction. For example, if the dependent had total income of \$1,700 consisting of wages of \$500 and interest of \$1,200, his or her standard deduction from the standard deductions table would be \$2600. However, in this case the standard deduction is limited to the earned income of \$500.

## FILING DEADLINES FOR 1983 HOMESTEAD AND FARMLAND PRESERVATION CREDIT CLAIMS

December 31, 1984 is the deadline for filing a 1983 Wisconsin Homestead Credit claim. Farmland Preservation Credit claims for 1983 must be filed no later than 12 months after the farmland owner's 1983 taxable year ends (e.g., December 31, 1984 for calendar year taxpayers).

No extensions of time are available for filing claims for these two credits.

## DUE DATES OF 1984 ESTIMATED TAX PAYMENTS OF INDIVIDUALS

Every individual, whether or not a resident of Wisconsin, is required to file a 1984 declaration of Wisconsin estimated tax (Form 1-ES) if the individual expects his or her Wisconsin income tax liability to exceed withholding upon wages, if any, by \$100 or more.

Individuals required to file a 1984 declaration during the first quarter of 1984 must do so on or before April 16, 1984. Installment payments are also due on June 15, 1984, September 17, 1984, and January 15, 1985 for calendar year taxpayers.

A trust or estate is not required to file a declaration.

## CORPORATION ESTIMATED TAX REQUIREMENTS CHANGED

Beginning with the tax year 1984, a corporation must make installment payments of estimated tax if it can expect to have a tax liability for the year of over \$500 (formerly over \$2,000). The percentage of tax which is required to be prepaid is increased from 80% to 90% for purposes of

computing the amount of underpayment in s. 71.22(9).

Installment payments are due on the fifteenth day of the third month, sixth month, and ninth month of the taxable year and the fifteenth day of the first month after the close of the taxable year.

As a result of amendments to ss. 71.22(10)(a) and (b), the following changes have been made regarding corporations which use exception 1 (preceding year's tax) or exception 2 (recomputing prior year's tax using current year rates) to avoid an addition to the tax penalty:

1. Corporations that have a Wisconsin taxable income of less than \$250,000:

For the 1983 tax year and thereafter, they are no longer subject to the 60% of current year tax minimum payment requirement when exception 1 or 2 is being used to avoid the addition to penalty.

2. Corporations with Wisconsin taxable income of \$250,000 or more:

For the tax year 1984 and thereafter, the minimum payment requirement in ss. 71.22(10)(a) and (b) for exceptions 1 and 2, is increased for such corporations from 60% to 90% of the current year's tax.

## **JAIL SENTENCE AND/OR FINES FOR INCOME TAX AND TOBACCO TAX EVASION**

### **Three Persons Convicted For Failure To File**

Martin J. Seibert, Jr., 2560 Anita Drive, Brookfield, Wisconsin, a certified public accountant, was convicted December 29, 1983 in Waukesha County Circuit Court to two counts of failing to file state corporation franchise tax returns for Martin J. Seibert, Jr., Accounting and Management, Inc. Circuit Judge Mark S. Gempeier ordered Seibert to pay a \$300 fine on each count by February 29, 1984 or serve 65 days in the Waukesha County Jail.

Seibert was charged with failing to file state corporation franchise tax returns on gross receipts of more than \$36,000 for fiscal year 1980 and \$33,000 for fiscal year 1981.

Vernon F. Stibb, Route 2, Neshkoro, Wisconsin, was convicted in Dane County Circuit Court, Branch 7, on three counts of failing to file state income tax returns. Circuit Judge Moria Krueger withheld sentencing and ordered Stibb to serve two years probation on each of the three counts to run concurrently. Under the conditions of probation, Stibb must pay a \$500 fine on each count and serve 30 days in jail with work release privileges. He must also file valid Wisconsin income tax returns for 1979, 1980, 1981 and 1982, pay the back taxes, penalties and interest as determined by the Wisconsin Department of Revenue, file timely tax returns when due during the probationary period and file valid withholding exemption certificates with his employer. The jail sentence is to begin January 30, 1984 unless Stibb files an appeal.

Stibb was charged with failing to file state income tax returns on gross income of more than \$17,000 for 1979, \$18,000 for 1980 and \$20,000 for 1981.

Lawrence J. Cieslinski, Sr., Route 3, Highway 13, Friendship, Wisconsin, was convicted in Dane County Circuit Court, Branch 12, on two counts of failing to file state income tax returns. Cieslinski was ordered to serve two years probation on each of the two counts to run concurrently. Under the conditions of probation, Cieslinski must pay a \$250 fine on each count and serve 30 days in jail during nonworking hours. He must also file Wisconsin income tax returns for 1979, 1980, 1981 and 1982, pay the back taxes and interest as determined by the Wisconsin Department of Revenue and file timely returns when due during the probationary period.

Cieslinski was charged with failing to file state income tax returns on gross income of more than \$12,000 for 1979 and \$28,000 for 1980.

### **Conviction For Tobacco Products Tax Evasion**

Judge P. Charles Jones, Branch 3, Dane County Circuit Court, sentenced Vic's Wholesale Tobacco, Inc., Milwaukee, to pay a fine of \$4,000 plus \$600 in penalty assessment for four counts of tobacco products tax evasion. Jones also sentenced the company's executive vice-president, Raymond Jazwiecki

of Greenfield, to pay a fine of \$870 plus \$150 in penalty assessment, for one count of operating as a tobacco products distributor without a permit. Jazwiecki, acting on behalf of the corporation, brought untaxed tobacco products into the state from October, 1981 through October, 1982.

The charges were the result of a two month investigation conducted by agents of the Alcohol and Tobacco Enforcement Section of the Department of Revenue.

## **REMINDER! NOTIFY DEPARTMENT OF FEDERAL ADJUSTMENTS AND AMENDED RETURNS**

If a taxpayer's federal income tax return is adjusted by the Internal Revenue Service (IRS), and the adjustments affect the amount of Wisconsin income reportable or tax payable, such adjustments must be reported to the Wisconsin Department of Revenue within 90 days after they become final.

In addition, taxpayers filing an amended return with the IRS or another state must also notify the department within 90 days of filing if information in the amended return affects the amount of Wisconsin income reportable or tax payable.

Administrative Rule Tax 2.105 provides additional information regarding this reporting requirement and indicates when adjustments made by the IRS are considered final.

An amended Wisconsin return or copy of the federal audit report should be sent to: Wisconsin Department of Revenue, Audit Bureau, P.O. Box 8906, Madison, Wisconsin 53708.

## **GIFT TAX RETURNS DUE APRIL 16**

With the exception of gifts of real estate and tangible personal property located outside of Wisconsin, all gifts made by Wisconsin residents are taxable. It does not matter whether the donee lives in Wisconsin or in another state; a gift received from a Wisconsin resident is still taxable.

Also taxable are gifts made by non-residents of Wisconsin of property (both real estate and tangible personal property) located in Wiscon-

sin. Such gifts are taxable regardless of where the donee resides.

Wisconsin gift tax reports must be filed for any calendar year in which the total value of taxable gifts made by one donor (person giving the gift) to one donee (person receiving the gift) in that year exceeds \$3,000. Gift tax reports of the donee and donor for 1983 must be filed by April 16, 1984.

The donor reports gifts made on Form 7. On this form the donor enters the description and value of the gifts made to each donee.

The donee reports the gifts he or she received on Form 6, and includes the description and value of the gifts received from one donor. If the donee received gifts from more than one donor during that year, the donee must file a separate report of gifts received from each donor.

The computation of the gift tax due must be made on Form 6. In determining the gift tax due, an annual exemption of \$3,000 is allowed for all gifts made during a calendar year by one donor to one donee. Until June 30, 1982 there was a lifetime exemption of \$100,000 for gifts between spouses. Gifts made between spouses on or after July 1, 1982 are completely exempt from Wisconsin gift tax. A lifetime personal exemption of \$10,000 is allowed for gifts between donors and their lineal issue (children, grandchildren), lineal ancestors (parents, grandparents), wife or widow of a son, husband or widower of a daughter, adopted or mutually acknowledged child, and mutually acknowledged parent. There is no lifetime exemption allowed to other donees.

**DO YOU HAVE SUGGESTIONS FOR 1984 TAX FORMS?**

Each year the department receives helpful suggestions from the public regarding improvements to the Wisconsin income tax forms.

You may wish to let us know of your suggestions for improving Forms 1

(individual long form) and 1A (individual short form), Forms 4 and 5 (corporation franchise/ income tax returns) and Schedule H (Homestead). Send your suggestions to the Wisconsin Department of Revenue, Director of Technical Services, P.O. 8910, Madison, WI 53708. Please submit your suggestions by July 2, 1984.

**NEW ISI&E DIVISION RULES AND RULE AMENDMENTS IN PROCESS**

Listed below, under parts A and B, are proposed new administrative rules and amendments to existing rules that are currently in the rule adoption process. The rules are shown at their stage in the process as of February 10, 1984. Part C lists new rules and amendments which have been adopted in 1984.

("A" means amendment, "NR" means new rule, "R" means repealed and "R&R" means repealed and recreated.)

**A. Rules at Legislative Council Rules Clearinghouse**

- 11.03 Elementary and secondary schools-A
- 11.05 Governmental units-A
- 11.12 Farming, agriculture, horticulture and floriculture-A
- 11.51 Grocer's guide/A
- 11.65 Admissions-A
- 11.71 Automatic data processing-N
- 11.95 Retailer's discount-A

**B. Rules at Legislative Standing Committees**

- 11.05 Governmental Units-A
- 11.08 Medical appliances, prosthetic devices and aids-A
- 11.09 Medicines-A
- 11.10 Occasional sales-A
- 11.11 Waste treatment facilities-A
- 11.13 Sale of a business or business assets-A
- 11.15 Containers and other packaging and shipping materials-A

- 11.17 Hospitals, clinics and medical professions-A
- 11.19 Printed material exemptions-A
- 11.27 Warranties-A
- 11.30 Credit sale, bad debt and repossessions-A
- 11.39 Manufacturing-A
- 11.45 Sales by pharmacies and drug stores-A
- 11.56 Printing industry-A
- 11.65 Admissions-A
- 11.67 Service enterprises-A
- 11.72 Laundries, dry cleaners and linen and clothing suppliers-A
- 11.83 Motor vehicles-A
- 11.85 Boats, vessels and barges-A
- 11.86 Utility transmission and distribution lines-A
- 11.87 Meals, food, food products and beverages-A
- 11.94 Wisconsin sales and taxable transportation charges-A

**C. Rules Adopted in 1984 (in parentheses is the date the rule was adopted)**

- 9.01 Definitions pertaining to cigarette tax-N (4/1/84)
- 9.08 Cig. tax refunds to Indian tribes-N (4/1/84)
- 9.09 Cig. sales to and by Indians-N (4/1/84)
- 11.15 Containers and other packaging and shipping materials-A, (1/1/84)
- 11.16 Common or contract carriers-A, (1/1/84)
- 11.19 Printed material exemptions-A, (1/1/84)
- 11.26 Other taxes in taxable gross receipts and sales price-A, (1/1/84)
- 11.32(3) "Gross receipts" and "sales price"-A, (1/1/84)
- 11.48 Landlords, hotels and motels-A, (1/1/84)
- 11.50 Auctions-A, (1/1/84)
- 11.52 Coin-operated vending machines and amusement devices-A, (1/1/84)
- 11.68 Construction contractors-A, (1/1/84)